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GAIN Report

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Thailand

Grain and Feed Update

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Report Highlights:

TH4036 – MY2013/14 corn exports are better than expected. MY2014/15 supply and demand outlook on rice, corn, and wheat remains unchanged. Rice and corn production will likely be vulnerable to the weather conditions while rice exports are likely to trend upward due to the sales of government stocks.

Post:
Bangkok

Commodities:
Rice, Milled

Corn

Wheat

Executive Summary:

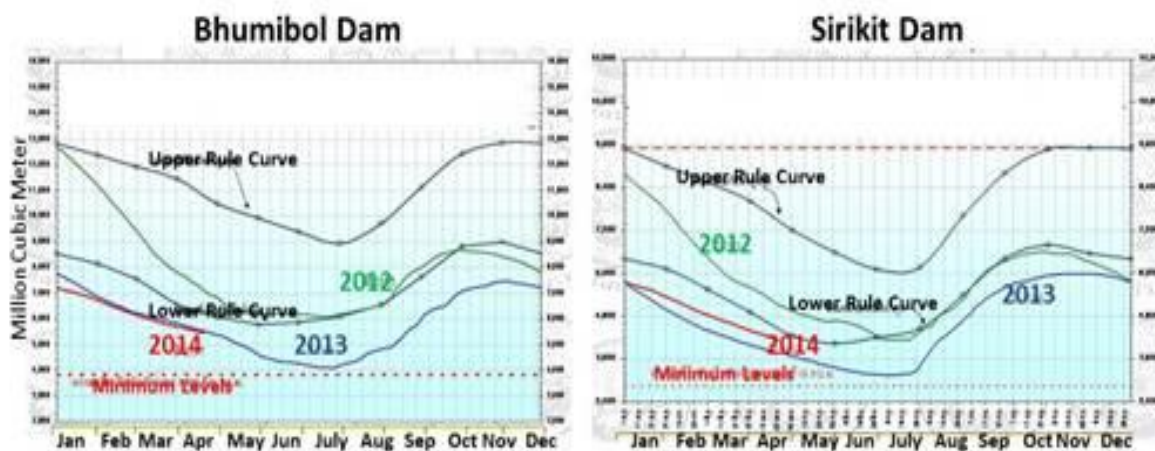
Post revises its Marketing Year (MY) 2013/14 corn export forecast to around 940,000 metric tons as Thai corn prices are more competitive in the international market, particularly in the Philippines and China. Meanwhile, rice and corn production as well as exports in MY2014/15 remains unchanged from the previous forecast. The Thai Meteorological Department (TMD) still expects below normal average precipitation in 2014 due to higher probabilities of the El Nino phenomenon in the latter half of 2014. Rice exports are expected to rise in 2014 – 2015 as the government continues to sell its rice stocks to pay for loans incurred under its rice pledging program. Post's forecast for wheat and pulses remain unchanged.

Author Defined:

1. MY2013/14 and 2014/15 Rice and Corn Production Remains Unchanged

According to the Royal Irrigation Department (RID), reservoir levels remain critical in the northern and central regions of Thailand (Figure 1). As a result, the planted area for the late off-season rice crop in these regions declined significantly as the RID cut its water discharge. The second tranche of the current off-season rice cultivation accounts for around 10 percent of total off-season crop cultivation. In addition, farm-gate prices for white rice paddy decreased toward the pre-food price crisis in 2008 of around 6,000 to 7,000 baht per metric ton (\$185-215/MT) (Figure 2). MY2013/14 offseason rice production is likely to decline around 5 percent, which is unchanged from the previous forecast (Table 1 and TH4021: Grain and Feed Annual 2014, March 7, 2014).

Figure 1: Reservoir Levels in Major Dams in the North



Source: Royal Irrigation Department

Figure 2: Monthly Farmgate Prices of 5% Grade White Rice Paddy



Source: Office of Agricultural Economics

Table1: Thailand's Rice Production, Supply and Demand

Table 1.1: Rice Supply and Demand

Rice, Milled Thailand	2012/2013		2013/2014		2014/2015		
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	10,837	10,837	10,900	10,920		10,900	(1000 HA)
Beginning Stocks	9,330	9,330	12,808	12,808		13,768	(1000 MT)
Milled Production	20,200	20,200	20,500	20,460		20,130	(1000 MT)
Rough Production	30,606	30,606	31,061	31,000		30,500	(1000 MT)
Milling Rate (.9999)	6,600	6,600	6,600	6,600		6,600	(1000 MT)
MY Imports	600	600	600	300		300	(1000 MT)
TY Imports	600	600	600	300		300	(1000 MT)
TY Imp. from U.S.	0	0	0	0		0	(1000 MT)
Total Supply	30,130	30,130	33,908	33,568		34,198	(1000 MT)
MY Exports	6,722	6,722	9,000	9,000		10,000	(1000 MT)
TY Exports	6,722	6,722	9,000	9,000		10,000	(1000 MT)
Consumption and Residual	10,600	10,600	10,800	10,800		10,900	(1000 MT)
Ending Stocks	12,808	12,808	14,108	13,768		13,298	(1000 MT)
Total Distribution	30,130	30,130	33,908	33,568		34,198	(1000 MT)
Yield (Rough)	3	2.8242	3	2.8388		2.7982	(MT/ HA)

Table 1.2: Thailand's Paddy Area, Production, and Yield

	2012/13			2013/14 (April 2014)			2014/15 (April 2014)		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (million hectare)									
Cultivation	9,288	2,160	11,448	9,288	2,100	11,388	9,288	2,100	11,388
Harvest	8,737	2,100	10,837	8,920	2,000	10,920	8,900	2,000	10,900
Production (million ton)									
Rough	21,471	9,135	30,606	22,400	8,600	31,000	22,000	8,500	30,500
Rice	14,171	6,029	20,200	14,784	5,676	20,460	14,520	5,610	20,130
Yield (ton/hectare)	2,457	4,350	2,824	2,511	4,300	2,839	2,472	4,250	2,798

Source: FAS Estimate

The TMD expects below normal average precipitation in May 2014, which is typically the beginning of the monsoon season. Precipitation is likely to be 6 to 10 percent below normal average in major rice growing areas in the north, northeast, and central plains. The TMD forecast precipitation in 2014 to be lower than the normal average due to the higher probability of “El Nino” weather conditions in the latter half of 2014 (based on the International Research Institute for Climate and Society’s latest forecast of April 2014 – Figure 3). This will likely reduce average yields for the main rice crop and corn production in MY2014/15. Post’s forecast for the MY2014/15 rice and corn production remains unchanged from its previous estimates. Post expects a reduction in rice and corn production by 2 to 3 percent from the previous year due to the reduction in average yield (Table 1 and 2). Meanwhile, planted area for the rice crop will likely remain stable as the profitability of other crops, particularly sugarcane, is uncertain due to a drop in global prices (TH4032: Sugar Annual 2014, April 10, 2014).

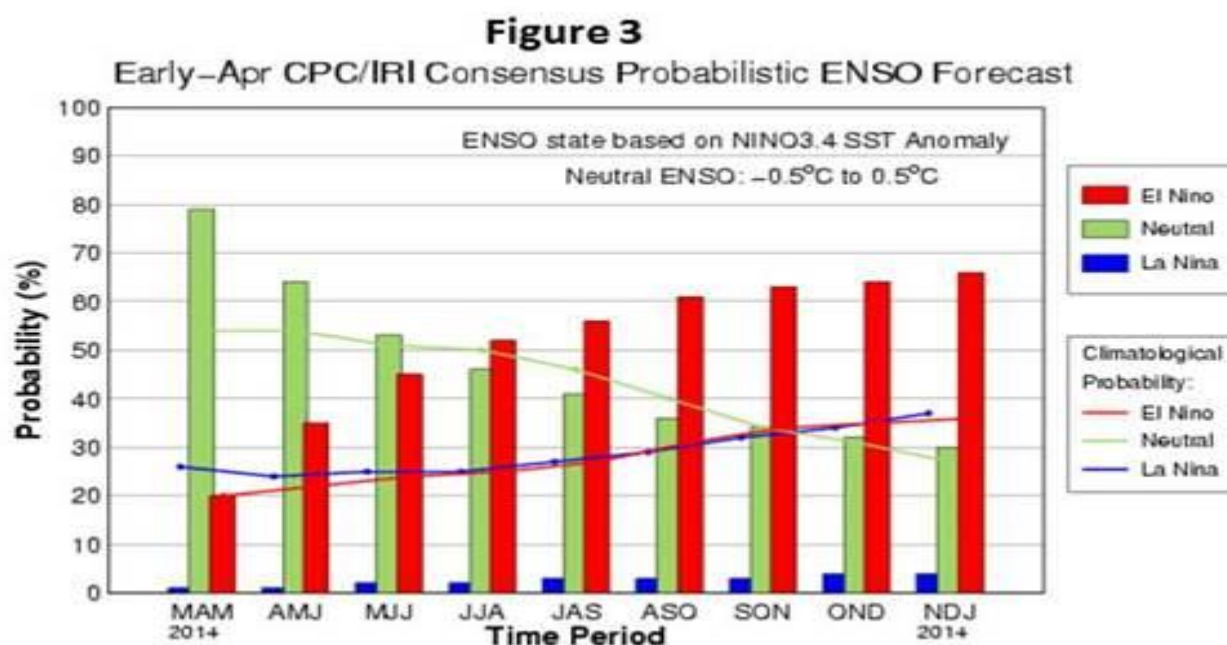


Table 2: Thailand's Corn Production, Supply and Demand

Com Thailand	2012			2013			2014			
	2012/2013			2013/2014			2014/2015			
	Market Year Begin: Jul 2012			Market Year Begin: Jul 2013			Market Year Begin: Jul 2014			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Harvested	1,080	1,080	1,080	1,120	1,120	1,120		1,100	1,100	(1000 HA)
Beginning Stocks	515	515	515	643	643	643		293	203	(1000 MT)
Production	4,600	4,600	4,600	4,900	4,900	4,900		4,750	4,750	(1000 MT)
MY Imports	400	400	400	600	500	600		600	600	(1000 MT)
TY Imports	400	400	400	600	500	600		600	600	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0		0	0	(1000 MT)
Total Supply	5,515	5,515	5,515	6,143	6,043	6,143		5,643	5,553	(1000 MT)
MY Exports	72	72	72	500	750	940		100	100	(1000 MT)
TY Exports	114	115	115	500	750	940		100	100	(1000 MT)
Feed and Residual	4,700	4,700	4,700	5,200	4,900	4,900		5,200	5,200	(1000 MT)
PSI Consumption	100	100	100	100	100	100		100	100	(1000 MT)
Total Consumption	4,800	4,800	4,800	5,300	5,000	5,000		5,300	5,300	(1000 MT)
Ending Stocks	643	643	643	343	293	203		243	153	(1000 MT)
Total Distribution	5,515	5,515	5,515	6,143	6,043	6,143		5,643	5,553	(1000 MT)
Yield	4	4	4.2593	4	4	4.375		4	4.3182	(MT/HA)

2. MY2013/14 Corn Exports Revised Up and Rice Exports Trend Upward in 2014-2015

MY2013/14 corn exports are revised up to approximately 940,000 metric tons, a significant increase from the previous year. According to the Board of Trade of Thailand, corn exports increased to 304,669 metric tons during January – March 2014, up significantly from 6,467 metric tons in the same period last year due to competitive prices for Thai corn exports. Current prices are around \$240-280/MT (FOB) compared to \$350-360/MT in the previous year. Around 85 percent of Thai corn exports were exported to the Philippines and China. For the first nine months of MY2013/14, corn exports increased significantly to 926,834 metric tons. However, current domestic corn prices are trending upward as domestic demand for feed continues to grow and traders are concerned about a possible shortage of domestic corn production in MY2014/15.

Thai rice exports are expected to climb to 9-10 million metric tons in 2014 and 2015, unchanged from the previous forecast. According to the Thai Customs Department, Thai rice exports increased to 2.2 million metric tons in the first quarter of 2014, up 47 percent from the same period last year (Figure 4). Thai rice prices are beginning to be more competitive with Vietnamese and Indian rice as the government continues to sell its rice stocks. The government has issued public tenders totaling 3.3 million metric tons during January – April 2014, of which 1.9 million metric tons are 5% grade white rice (Figure 5). This total includes 1.6 million metric tons of rice that was tendered via the Agricultural Futures Exchange of Thailand (AFET). The government expects to issue additional tenders of approximately 0.4 million metric tons via AFET in May 2014. The revenue generated from the sales of its rice stocks will be provided to the Bank for Agriculture and Agricultural Cooperatives (BAAC) to finance the delayed payments incurred under the MY2013/14 Main-Crop Rice Paddy Pledging Program. The government is reportedly holding 15 to 16 million metric tons of rice stocks, of which around 2 to 3 million metric tons are from MY2013/14 main-crop rice stocks.

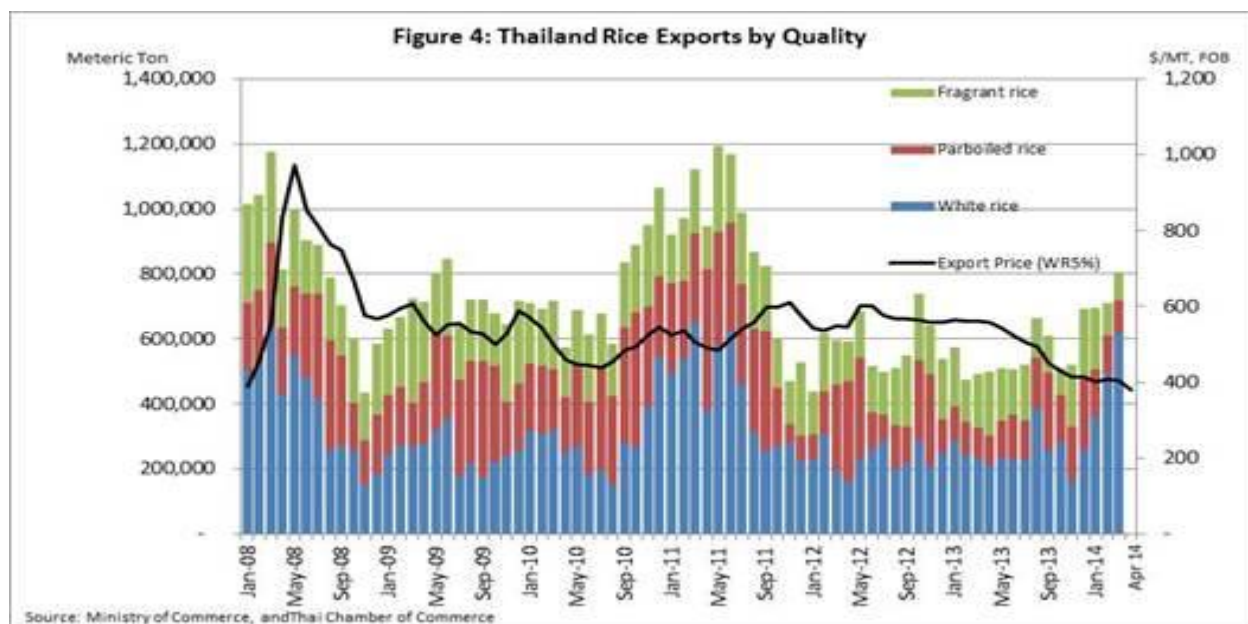
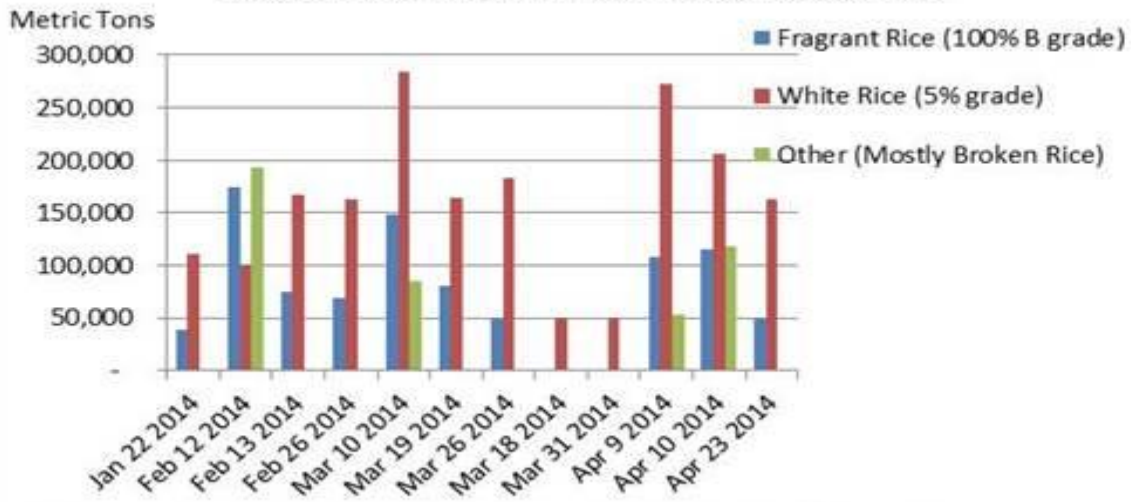


Figure 5: Government's Tenders of Rice Stocks in 2014



Source: Ministry of Commerce ,and Agricultural Furtures Exchange of Thailand (AFET)

End of report